

The California Debt and Investment Advisory Commission Presents

Managing Unfunded Pension Liabilities In A Difficult Environment

An Optional Pre-Conference Workshop

Only conference attendees are eligible to register for the workshop. Workshop fee: \$75



Pension Obligation Bonds (POBs) are bonds issued by a state or local government to refund all or a portion of the Unfunded Accrued Actuarial Liability (UAAL) to their pension fund or the system in which its employees are members. POBs remain an increasingly popular means for state and local governments, especially counties, to accomplish a variety of financial objectives.

This Bond Buyer Pre-conference Workshop, provided by the California Debt and Investment Advisory Commission (CDIAC), is designed with issuers in mind to discuss unfunded pension liabilities, considerations when issuing POBs, the mechanics of the issuance process, and credit issues and perspectives concerning POBs. The purpose of the workshop is to broaden the issuer's understanding of why POBs might be used in today's environment and the major considerations that are key to issuing POBs.

Sunday, September 12

11:30 a.m.

Registration/Brunch Buffet

Sponsored by



12:00 p.m.

Welcome

Mike Stanton, Program Manager
The Bond Buyer

Lisa Marie Harris, Executive Director, California
Debt and Investment Advisory Commission

12:10 p.m.

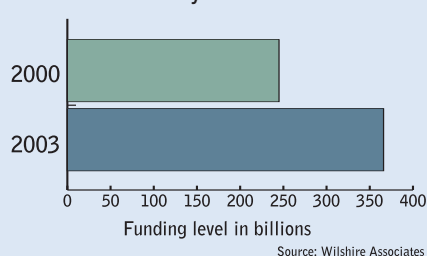
Keynote Address

Juan Fernandez, Deputy Treasurer
State of California

Introduced by Steve Zimmermann
Managing Director, Standard & Poor's

DID YOU KNOW?

Public Pension Funds' Unfunded
Liabilities Have Grown
Dramatically in Just a Few Years



12:30 p.m.

Unfunded Pension Liabilities

This session will provide participants an understanding of the defining concepts associated principally with unfunded pension liabilities. An expert panel will cover:

- What is an Unfunded Accrued Actuarial Liability (UAAL)

- History/background/nature of the problem in calculating an unfunded liability (including factors such as equity markets, benefit enhancements, demographics, and healthcare costs)
- Options for resolving a UAAL other than POBs
- General pros versus cons
- Other post employment costs/unfunded liabilities (e.g., healthcare benefits)

Moderator: Parry Young, Director
Standard and Poor's

Rick Reed, System Actuary, California State
Teachers' Retirement System

William Pollacek, Treasurer-Tax Collector
Contra Costa County

Ron Seeling, Chief Actuary, California Public
Employees Retirement System

1:45 p.m.

Break

2:00 p.m.

Pension Obligation Bond Financing

Because interest on POBs is Federally taxable, the process of issuing these securities is significantly different than a typical municipal bond sale. This session focuses on the various considerations issuers must take into account when structuring a POB transaction. Panelists will discuss:

- The process of issuing POBs
- Structuring the POB (e.g., Fixed rate versus variable rate, auction rate securities, etc.)
- Unique characteristics of the taxable municipal bond market
- Disclosure
- Legal procedures (i.e., validation process) and perspectives

Moderator: Rob Larkins, Director
Lehman Brothers

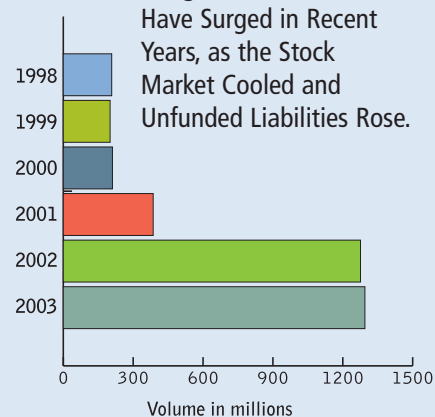
William Deyo Jr., Partner
Nixon Peabody LLP

Jay Goldstone, Finance Director
City of Pasadena

Geoff Davey, CFO, Sacramento County

DID YOU KNOW?

California Pension
Obligation Bond Sales
Have Surged in Recent
Years, as the Stock
Market Cooled and
Unfunded Liabilities Rose.



3:30 p.m.

Credit Issues/Perspectives

This session will feature various industry perspectives regarding the credit issues raised by the existence of an Unfunded Accrued Actuarial Liability, and what impact a POB transaction may have on an issuer's credit picture.

Moderator: Donna Linton
Alameda County

Stephanie Peterson, Vice President
Charles Schwab & Co.

Allison Fong, Vice President, MBIA

Kenneth Kurtz, Managing Director
Moody's Investors Services

4:00 p.m.

Workshop Conclusion and Evaluation